for the most acute problem of Kerala, viz., abnormally high rate of unemployment. According to a survey carried out by the State Statistics Department open unemployment in the State was as high as 4.2 per cent (all-India 0.6%) and under-employment 9.6 per cent of the total population (all-India 6.0%).

The unemployment problem of Kerala might not have been so severe had there been a correspondingly rapid development of industries over the past few decades. In this sphere the State suffers from certain handicaps. Although the industrial sector in Kerala absorbs a high proportion of the working force (Kerala 19.1%; India 9.4%), the majority of them are engaged in very low productivity industries. The two major industries of Kerala, viz., coir and cashewnut are technologically very backward. Coir industry, which is organized as a cottage industry, absorbs 4-5 lakh persons. Cashewnut-processing, although organized on the lines of factory industry, is almost entirely unmechanized. As a result, labour productivity in the secondary sector is extremely low. Because of this, industrial sector in Kerala does not create any sizeable reinvestible surplus and the process of capital formation is hampered. The types of industries in which Kerala predominates, have not also aided the development of entrepreneurial talents. Kerala lacks in a long tradition of industrial enterprise. Most of the large scale industries which now exist in Kerala, for example, Fertilizers & Chemicals Travancore Ltd., Travancore-Cochin Chemicals Ltd., Indian Aluminium Company and Aluminium Industries Ltd., were started under the direct initiative of the governments of the erstwhile States of Travancore and Cochin or industrialists from other neighbouring States of India. No distinct body of local entrepreneurship has, therefore, developed in the State.

In addition, lack of sizable mineral deposits (except Ilmenite) adds to the difficulties which have been retarding industrial development of the State. Coal as well as all metallic raw materials for the industries of Kerala have to be transported over long distances from other parts of the country. But there are favourable factors compensating some of these deficiencies in the economic endowments of the State. The agricultural sector of Kerala abounds in a rich variety of high value yielding cash crops like coconut, pepper, rubber, arecanut, tea, cashewnut, cardamom and coffee. These crops not only provide considerable incomes for the farmers, but are a good source of foreign exchange earnings and provide valuable raw materials for the industries. A vast potential for generation of low-cost hydro-electric power makes up for the absence of fossil fuels. Rich forest and fishery resources, a highly intelligent and literate labour force, easy accessibility to most parts of the State through a wide network of roadways, and the scenic beauty of its landscape capable of attracting tourists, are some of the other assets of Kerala.

As a result of the present survey, several lines of technically and economically feasible developments have been suggested in this report in the industrial and other fields. The total impact of these developments would be to raise the per capita income of the State from the present level of Rs. 240 (at 1955-56 prices) to Rs. 404 (at the same price level) by 1970-71. State income would rise from Rs. 400 crores (at 1955-56 prices) to Rs. 812.8 crores, i.e., at an average annual rate of 10.3 per cent. The targets are undoubtedly on the high side, but the needs of Kerala in the context of its huge unemployment and very low per capita income demand a rather high